

August 28, 2002

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

STATE LEGISLATIVE UPDATE

Pursuit of County Position on Legislation

AB 915 (Frommer) as amended on August 27, 2002, contains a proposal by the San Francisco Department of Public Health to create a State outpatient supplemental payment program that would partially reimburse public agencies for the excess cost beyond what is covered by Medicaid reimbursement rates of providing hospital outpatient and adult day health and mental health services. The program, which is permitted under existing Federal law, would require an amendment to California's Medicaid State Plan.

Under AB 915, the portion of outpatient expenditure currently unreimbursed would be documented and certified to the State for submission to the Federal Centers for Medicare and Medicaid Services which would reimburse the Federal share or approximately 50 percent. In essence, local agencies would be able to access additional federal dollars using local general fund dollars already being spent on under-reimbursed outpatient services as match.

According to the Department of Health Services, their projected savings from the proposal would be approximately \$13 million. The Department of Mental Health indicates that the proposal would not increase their reimbursement. Under the County's Section 1115 Waiver, the County already receives cost-based reimbursement for clinic-provided

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outpatient services. The additional reimbursement under the proposal would be for treatment provided in a hospital emergency room to a patient who is not admitted to the hospital.

AB 915 is consistent with Board policy to maximize Federal and State reimbursement for County-provided services, **therefore, our Sacramento advocates will support AB 915 and work to assure its passage.**

We will continue to keep you advised of any new developments.

DEJ:GK
MAL:JL:lm

c: Executive Officer, Board of Supervisors
County Counsel
All Department Heads